

Company	Investec Finance PLC
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Investec Finance PLC
30 November 2009

Un-audited condensed Financial Statements for the six months ended 30 September 2009

Zebra Capital Plans Retails Structured Products Programme

Investec Finance plc - the company

(Incorporated in England and Wales)

(Company Registration Number: 4111949)

Interim Management Report

Investec Finance plc (the 'Company') is a wholly owned subsidiary of Investec Bank plc ("IBP") which is in turn a wholly-owned subsidiary of Investec plc (the 'Investec Group'), which is listed on the London Stock Exchange. The principal activity of Investec Finance plc is to engage in financial arrangements and transactions and to assist in financing the operations of the Investec Group. In previous years the Company has issued Guaranteed Subordinated Step-Up notes, a fixed coupon sterling bond, a Euro denominated floating rate note and has issued Euro Commercial Paper. In each case the proceeds have been on-lent to the Company's parent on similar terms so as to minimise liquidity and interest rate risk. The Company will continue to operate in this capacity for the foreseeable future.

On 15 September 2009, the Company authorised the cancellation and write down of £50,032,000 Guaranteed Undated Subordinated Callable Step-up Notes further to a release agreement signed with IBP under which IBP release the Company from this debt and accrued interest in consideration for an amount of £27,432,000. Under a second release agreement the company agreed to release IBP from principal amount £49,383,524 Guaranteed Undated Subordinated Callable Step-up Notes in consideration for an amount of £26,960,189 to be paid by IBP.

On May 9, 2008, the Company launched a GBP3,000,000,000 Zebra Capital Plans Retail Structured Products Programme (the 'Programme'). In terms of the Programme, the Company may from time to time issue notes (the 'Notes') that are linked to the performance of one or more Preference Shares issued by Zebra Capital II Limited, a company incorporated in the Cayman Islands. The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by IBP on an unsubordinated basis. After each issue, applications will be made for the Notes to be admitted to listing on the Official List of the

FSA and to trading on the Regulated Market of the London Stock Exchange. As a result, and in terms of the Programme, the Company is required to publicly release its results.

During the period, 26 Notes have been issued in terms of the Programme raising circa £62 million. The Company does not expect to issue any further new Notes under this Programme in the second half of the year. In addition to this Programme, Investec Bank plc has created a new notes platform, the GBP4,000,000,000 Zebra Capital Plans Retail Structured Products Programme, under which new structured product launches can be made.

Any market risk with respect to the performance of the Preference Shares is hedged with IBP. Any liquidity risk or foreign currency risk is eliminated as the terms and currency of the Notes are matched with the terms and currency of the lending to IBP. As such, all material principal risks and uncertainties are mitigated.

The un-audited condensed Financial Statements have not been audited or reviewed by the company's auditors in pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

This announcement includes an un-audited condensed set of Financial Statements produced by the Company for the six months ended 30 September 2009. This document will also be available on Investec's website at www.investec.com/GroupLinks/InvestorRelations/.

Enquires and further information:

Investec Company Secretarial
Investec Bank plc
Telephone: 020 7597 4541
2 Gresham Street, London, EC2V 7QP
United Kingdom **30 November 2009**

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for preparing the un-audited condensed financial statements in accordance with applicable law and regulations.

FSA Disclosure Rules and Transparency Rules require the directors to prepare un-audited condensed financial statements for the half-year. Under Company law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- ensure that the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year and a description of the principal risks and uncertainties for the remaining six months of the financial year;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that, to the best of each person's knowledge:

- the un-audited condensed set of financial statements has been prepared in accordance with financial reporting standards, gives a true and fair view of assets, liabilities, financial position and profit of the issuer, and
- the interim management report includes a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties that they face, and
- the un-audited condensed Financial Statements have not been audited or reviewed by the company's auditors in pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

Signed on behalf of the board

A Tapnack
Director

30 November 2009

PROFIT AND LOSS ACCOUNT
for the six months ended 30 September 2009

Un-audited six months to 30 September	Un-audited six months to 30 September	Audited year to 31 March
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	Notes	2009 £000	2008 £000	2009 £000
Interest receivable from parent undertaking		20,275	20,674	40,371
Interest payable	2	(19,803)	(20,091)	(39,253)
Amortisation of bond costs		(1,054)	(546)	(1,097)
Fee income from parent undertaking	3	210	356	592
Principal transactions	4	630	-	-
Administration expenses	5	(96)	(333)	(499)
		<hr/>	<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		162	60	114
Taxation	6	-	-	-
		<hr/>	<hr/>	<hr/>
PROFIT FOR THE PERIOD		<u>162</u>	<u>60</u>	<u>114</u>

The above activities are continuing.

There are no recognised gains or losses in the current or prior period other than those passed through the profit and loss account.

There is no material difference between the results disclosed in the profit and loss account for current or prior period and the results on an unmodified historical cost basis.

The accompanying notes form part of the un-audited condensed financial statements.

BALANCE SHEET at 30 September 2009

	Notes	Un-audited 30 September 2009 £000	Audited 31 March 2009 £000	Un-audited 30 September 2008 £000
CURRENT ASSETS				
Debtors:				

Amounts falling due within one year	7	5,145	4,555	81,561
Amounts falling due after one year	7	101,938	34,122	-
Amounts falling due after one year - subordinated loans	8	504,968	546,831	554,963
		<u>612,051</u>	<u>585,508</u>	<u>636,524</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(910)	(693)	(61,728)
		<u>611,141</u>	<u>584,815</u>	<u>574,796</u>
NET CURRENT ASSETS				
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10	(610,834)	(584,670)	(574,705)
		<u>307</u>	<u>145</u>	<u>91</u>
NET ASSETS				
CAPITAL AND RESERVES				
Called up share capital	11	50	50	50
Profit and loss account	12	<u>257</u>	<u>95</u>	<u>41</u>
EQUITY SHAREHOLDERS' FUNDS	13	<u>307</u>	<u>145</u>	<u>91</u>

The accompanying notes form part of the un-audited condensed financial statements.

NOTES TO THE UN-AUDITED CONDENSED FINANCIAL STATEMENTS
at 30 September 2009

1. ACCOUNTING POLICIES

Basis of presentation

The interim financial statements have been prepared in accordance with the recognition and measurement requirements of Financial Reporting Standards and the disclosure of transparency rules. The accounting policies applied in the preparation of the results for the six months ended 30 September 2009 are consistent with those adopted in the Company's audited Financial Statements for the year ended 31 March 2009.

The information in this report for the six months to 30 September 2009, which was approved by the board of directors on 30 November 2009, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006 ("2006 Act"). Statutory accounts for the year ended 31 March 2009, which contained an unqualified audit report under Section 235 of the UK Companies Act 1985 ("1985 Act") and which did not contain statements under Section 237 of the 1985 Act, have been delivered to the Registrar of Companies in accordance with Section 242 of the 1985 Act.

Segmental reporting

The company's business activities are to engage in financial arrangements and transactions and to assist in financing the operations of the Investec Group. The Company's activities are conducted within the UK.

2. INTEREST PAYABLE

	Un-audited 6 months to 30 September 2009 £000	Un-audited 6 months to 30 September 2008 £000	Audited Year to 31 March 2009 £000
Interest payable on Subordinated Step-up Notes	7,750	7,750	15,500
Interest payable on Subordinated Callable Step-up Notes	10,851	10,937	21,875
Interest payable on debt securities in issue - less than one year	-	1,006	1,021
Interest payable on debt securities in issue - more than one year	100	378	708
Value increase of the deposit element of Zebra Planned Notes	1,102	20	132
Exchange movement	-	-	17
	19,803	20,091	39,253

3. FEE INCOME FROM PARENT UNDERTAKING

Administration and direct expenses related to the Zebra Notes products are paid by the company and then recharged to the parent undertaking inclusive of a 5% margin. This recharge is shown as fee income.

4. PRINCIPAL TRANSACTIONS

On 15 September 2009, the Company authorised the cancellation and write down of £50,032,000 Guaranteed Undated Subordinated Callable Step-up Notes further to a release agreement signed with IBP under which IBP release the Company from this debt and accrued interest in consideration for an amount of £27,432,000.

Under a second release agreement the company agreed to release IBP from principal amount £49,383,524 Guaranteed Undated Subordinated Callable Step-up Notes in consideration for an amount of £26,960,189 to be paid by IBP.

The net income of £630K resulting from the above releases has been shown under Principal Transactions.

5. ADMINISTRATION EXPENSES

Administration expenses incurred relate to the £3,000,000,000 Zebra Capital Plans Retail Structured Products Programme launched by the company on 9 May 2008.

The auditors' remuneration has been borne by another Group company.

The company has no employees.

6. TAXATION

	Un-audited 30 September 2009 £000	Un-audited 30 September 2008 £000	Audited 31 March 2009 £000
Taxation	-	-	-

The effective rate for the period is different from the standard rate of UK corporation tax due to the following items:

	£000	£000	£000
Tax on profit on ordinary activities at UK rate of 28% (2008-30%)	46	17	32
Non-taxable items	(177)	-	-
Losses surrendered to/(from) fellow group companies for nil proceeds	131	(17)	(32)
	-	-	-

7. DEBTORS: EXCLUDING SUBORDINATED LOANS

	Un-audited 30 September 2009 £000	Audited 31 March 2009 £000	Un-audited 30 September 2008 £000
Amounts falling due within one year			
Amounts owed by parent undertaking	5,080	4,512	81,559
Other assets	65	43	2
	<u>5,145</u>	<u>4,555</u>	<u>81,561</u>
Amounts falling after one year			
Amounts owed by parent undertaking	<u>101,938</u>	<u>34,122</u>	<u>-</u>

Amounts owed by the parent undertaking primarily represents the proceeds of the issue of debt securities which have been lent to the parent at the same interest and repayment terms as the debt securities, and the proceeds of the issue of the Zebra Plan Notes and the positive fair value of the equity derivatives purchased from the parent undertaking to hedge the risks of the embedded equity derivatives within the Zebra Plan products.

8. DEBTORS: AMOUNTS DUE AFTER ONE YEAR - SUBORDINATED LOANS

	Un-audited 30 September 2009 £000	Audited 31 March 2009 £000	Un-audited 30 September 2008 £000
Subordinated loans to parent undertaking			
Guaranteed Subordinated Step-up Notes	205,102	197,092	205,102
Guaranteed Undated Subordinated Callable Step-up Notes	299,866	349,739	349,861
	<u>504,968</u>	<u>546,831</u>	<u>554,963</u>

The net proceeds of two issues of Step-up Notes by the company have been lent to the immediate parent undertaking, Investec Bank plc on a subordinated basis.

1. The term of the first loan is 1 March 2016 but it may be redeemed at any time after 1 March 2011. The interest rate on the loan is fixed at 8.1618% until 1 March 2011 and interest is paid annually. After 1 March 2011 the interest rate will be reset in line with the interest rate on the Step-up Notes.
2. The second loan is undated but it may be redeemed at any time after 23 January 2017. The interest rate on the loan is fixed at 6.4578% until 23 January 2017 and the interest is paid semi-annually. After 23 January 2017 the interest rate will be reset in line with the interest rate on the Step-up Notes.

On the 15 September 2009 the Company entered into a release agreement with IBP to release the principal amount of £49,383,524 of the debt owed by IBP to the Company pursuant to the intra-group funding agreement dated 23 January 2007 in consideration for an amount of £26,960,198 to be paid by IBP to the Company.

The terms of the Step-up Notes, which are guaranteed by Investec Bank plc, are detailed in note 10.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Un-audited 30 September 2009 £000	Audited 31 March 2009 £000	Un-audited 30 September 2008 £000
Amount owed to parent undertaking	910	693	-
Debt Securities in issue	<u>-</u>	<u>-</u>	<u>61,728</u>
	<u>910</u>	<u>693</u>	<u>61,728</u>

The debt securities issued under the Company's Euro Medium Term Note and Euro Commercial Paper programmes at 30 September 2008 have been repaid during the year ended 31 March 2009.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Un-audited 30 September 2009 £000	Audited 31 March 2009 £000	Un-audited 30 September 2008 £000
Guaranteed Subordinated Step-up Notes	208,050	199,898	207,318
Guaranteed Undated Subordinated Callable Step-up Notes	300,821	350,651	350,520
Debt Securities in issue	15,648	17,472	14,055
Zebra Plan Notes issued	86,315	16,649	2,812
	<u>610,834</u>	<u>584,670</u>	<u>574,705</u>

On 1 March 2004 the company issued £200,000,000 7.75% Guaranteed Subordinated Step-up Notes due 2016 at a discount. Interest is paid annually. The notes are guaranteed by Investec Bank plc and are listed on the Luxembourg Stock Exchange. The Step-up Notes may be redeemed by the issuer, at par, at any time after 1 March 2011, subject to the prior consent of the Financial Services Authority. On 1 March 2011 the interest rate will be reset to become the aggregate of 3.5% and the gross redemption yield of the relevant benchmark gilt.

On 23 January 2007 the company issued £350,000,000 6.25% Guaranteed Undated Subordinated Step-up Notes callable 2017 at a discount. Interest is paid semi-annually. The notes are guaranteed by Investec Bank plc and are listed on the Luxembourg Stock Exchange. The Step-up Notes may be redeemed by the issuer, at par, at any time after 23 January 2017, subject to the prior consent of the Financial Services Authority. On 23 January 2017 the interest rate will be reset to become three month LIBOR plus 2.11% payable quarterly in arrears.

On 15 September 2009, the Company authorised the cancellation and write down of £50,032,000 Guaranteed Undated Subordinated Callable Step-up Notes further to a release agreement signed with IBP under which IBP release the Company from this debt and accrued interest in consideration for an amount of £27,432,000.

The company issued on 6 June 2006 a 5 year bond with a coupon of 3 month USD libor plus 40 basis points and a face value of USD 25,000,000 repayable 6 June 2011.

During the period the company issued £61,611,139 of Zebra Plan Notes. The amounts due under the notes are linked to the performance of preference shares issued by Zebra Capital II Limited and consequently the amounts due under the notes disclosed above includes movements in the fair value of these embedded equity derivatives. As at 30 September 2009 the negative fair value of these derivatives was £59,840,489. The company has hedged this risk by entering into matching equity derivatives with its parent. Included in amounts owed by parent undertaking after one year in note 7 above is a positive fair value of derivatives of £59,840,489.

11. CALLED UP SHARE CAPITAL

	Un-audited 30 September 2009	Audited 31 March 2009	Un-audited 30 September 2008
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	£000	£000	£000
Authorised:			
100,000 (2009 - 100,000) ordinary shares of GBP1 each	100	100	100
Allotted, called up and fully paid			
50,000 (2009 - 50,000) ordinary shares of GBP1 each	50	50	50

12. RESERVES

	Un-audited 30 September 2009 £000	Audited 31 March 2009 £000	Un-audited 30 September 2008 £000
Profit and loss account			
At beginning of period	95	(19)	(19)
Profit for the period	162	114	60
At end of period	257	95	41

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Un-audited 30 September 2009 £000	Audited 31 March 2009 £000	Un-audited 30 September 2008 £000
Opening shareholders' funds	145	31	31
Profit for the period	162	114	60
Closing shareholders' funds	307	145	91

14. RISK MANAGEMENT

As a wholly-owned subsidiary of Investec plc, the company falls under the Investec Group's Risk Management Framework which is set out in the combined Investec plc's and Investec Limited's 2009 financial statements, Risk Management and Corporate Governance report. The company's function is to raise finance for the Investec Group and its policy is to on-lend the proceeds of any financial indebtedness to its immediate parent, Investec Bank plc, on back to back terms that minimise any liquidity, currency or interest rate risk.

Credit risk

As all net funds raised by the company are on-lent to Investec Bank plc, the company is therefore dependent on repayment of principal and interest from Investec Bank plc for the purposes of meeting its financial obligations. Its financial obligations in respect of the Guaranteed Undated Subordinated Callable Step-up Notes, Guaranteed Subordinated Step-up Notes, fixed coupon sterling bond, Euro denominated floating rate note, Euro Commercial Paper

issues and Zebra Capital Plans Retail Structured Products Notes are guaranteed by Investec Bank plc.

Liquidity risk

Loans to Investec Bank plc are matched in terms of maturity and interest payment dates to those of the related borrowing so as to eliminate any liquidity risk.

Foreign currency risk

Loans to Investec Bank plc are denominated in the same currency as the related borrowing so as to ensure that the company is not exposed to foreign currency risk.

Market risk

Any market risk with respect to the performance of the Zebra Capital Plans Retail Structured Products Preference Share Linked Notes is hedged with Investec Bank plc. Equity derivative financial instruments written have been matched with equity derivatives purchased from Investec Bank plc providing the same terms and conditions and as such mitigating any risk.

14. RISK MANAGEMENT (Continued)

Capital Management

The company manages and monitors its capital on an ongoing basis and with consideration for the ongoing commitments of the entity. The company is not regulated and therefore it is not subject to any capital adequacy requirements.

15. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Investec Bank plc.

The company's ultimate parent undertaking and controlling party is Investec plc, a company incorporated in the United Kingdom and registered in England and Wales. The consolidated financial statements of Investec plc and Investec Bank plc are available to the public at 2 Gresham Street, London, EC2V 7QP. Investec Bank plc is the smallest group and Investec plc is the largest group in which the results of the company are consolidated.